



Accelerate Your Business

Indiana Economic Development Corporation

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September 10, 2007

Barbara McNutt
Chief Counsel
Indiana Professional Licensing Agency

Dear Ms. McNutt:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis for small business associated with rule changes proposed by the Indiana Professional Licensing Agency ("IPLA") on behalf of the Medical Licensing Board of Indiana ("Board") and contained in LSA Document 06-561, which adds 844 IAC 5-5 to establish standards for procedures performed in office-based settings that require moderate sedation/analgesia, deep sedation/analgesia, general anesthesia, or regional anesthesia. Beginning January 1, 2010, a practitioner may not perform or supervise a procedure that requires anesthesia in an office-based setting unless the office-based setting is accredited by an accreditation agency approved by the Board under this rule.

The industry sector affected by the rule is NAICS 621111. In an effort to determine the number of entities affected by the rule, the Board consulted the Indiana State Medical Association ("ISMA"). The ISMA has approximately 9,000 members. Although the ISMA conducted a survey of its members to assess the potential impact of the rule, the survey results were insufficient to determine which of the practices are small business who would be affected by the rule changes. Based on differences in the operations of individual practices, the degree to which entities are affected by the rule will vary across practices.

All affected entities must seek accreditation from one of the four Board recognized accreditation organizations that are also nationally recognized and must follow the standards for accreditation of facilities. Businesses have four options for accreditation, each of which has different fees associated with their accreditation. The accrediting organizations and their associated fees are as follows:

- American Association for Accreditation of Ambulatory Surgery Facilities, Inc. (AAAASF): Flat fee according to the number of surgeons and specialties. (e.g., 1-2 surgeons with 1 or 2 specialties is \$675 per year);
- Accreditation Association for Ambulatory Health Care, Inc. (AAAHHC): Flat fee; \$2,900 plus \$500 nonrefundable application fee for a three year accreditation;
- Joint Commission on Healthcare Accreditation Organizations (JCHAO): Flat fee; \$4,400 for application and three year accreditation.
- Healthcare Facilities Accreditation Program: Approximately \$1,200 per year including application fee

The fees associated with obtaining accreditation will vary by practice. The Board estimates that the average cost will be approximately \$1,200 per year per office. Affected entities may incur additional costs attributable to making any facility/operational improvements necessary to remain in compliance with the standards of the accrediting agencies. Physicians are not expected to need to remodel their offices. Instead, the cost is typically found in upgrading equipment or facilities to meet accreditation standards.

The proposed rule addresses a state requirement and serves a public need by promoting public safety. SEA 225-2005 amended IC 25-22.5-1-7 and mandates the Board to adopt rules establishing standards for office based procedures that require moderate sedation, deep sedation, or general anesthesia. Accreditation is needed to help ensure that office-based facilities are meeting safety standards. Additionally, numerous national organizations including the American Medical Association, the Federation of State Medical Boards, and the National Patient Safety Foundation have noted the need for regulation of the rapidly growing field of office-based surgery.

Although the proposed rule could lead to significant costs for physician practices that are not currently in compliance with the standards of the accrediting organizations identified in the rule, the proposed changes have the potential to lead to long-term decreases in costs because of increased efficiencies and decreased human suffering and loss of life. Additionally, the proposed rules are intended to implement a legislative mandate. The IEDC does not object to the economic impact associated with the proposed rule changes.

If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,



Ryan Asberry
Assistant Vice President
Indiana Economic Development Corporation